

FISCAL NOTE

HB 2003 - SB 2061

February 8, 2000

SUMMARY OF BILL: Amends the retirement law for Group 1 members by increasing the benefit rate on the portion of the member's average final compensation which is below the social security integration level. The amount would be increased from 1.5% to 1.59%. In addition, the bill requires the recomputation of TCRS benefits paid to Group 1 retirees or their beneficiaries.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$70,374,000 Annual Amortized Cost

Increase Local Govt. Expenditures* - \$26,236,000 Annual Amortized Cost

Other Fiscal Impact - Increase Federal/Other Expenditures - \$10,340,000 Annual Amortized Cost

Estimate assumes:

- Total lump sum liability to state government of \$823,336,000
- Total lump sum liability for local education agencies of \$270,884,000
- Annual amortized cost assumes a 20-year amortization of the lump sum liability
- K-12 teachers assume a 60%-40% ratio between state and local funding

*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

HB 2003 - SB 2061